

TOBACCO TAX HIKE NEEDED TO DECREASE CONSUMPTION

14 November 2006

The Smokefree Coalition is calling for an urgent increase in tobacco tax to speed-up reductions in tobacco consumption in New Zealand. Figures from Statistics New Zealand show an increase for both loose and manufactured tobacco released for sale in the September 2006 quarter, while annual figures show only a very small overall decline in tobacco consumption.

Director Mark Peck says it is well known that people smoke more when tobacco and cigarettes are affordable.

“Despite strong tobacco control measures in this country – such as smokefree bars and restaurants – tobacco consumption is not reducing fast enough. This is because tobacco products have become relatively more affordable over the past six years – we haven’t had a one-off increase in tobacco taxation since 2000. Meanwhile, real disposable incomes have increased, making cigarettes more affordable.

“The Coalition would like to see an immediate substantial increase in the taxation of tobacco, as well as regular annual increases in tobacco taxation. These increases must be significantly greater than any rise in the consumer price index.

“A significant proportion of the taxation revenue raised should go back into tobacco control to help people to quit and discourage young people from starting to smoke.”

Mark Peck says past tobacco tax increases have had quick and dramatic results.

“There were large drops in the sales of cigarettes after the price increases of 1991, 1998 and 2000.

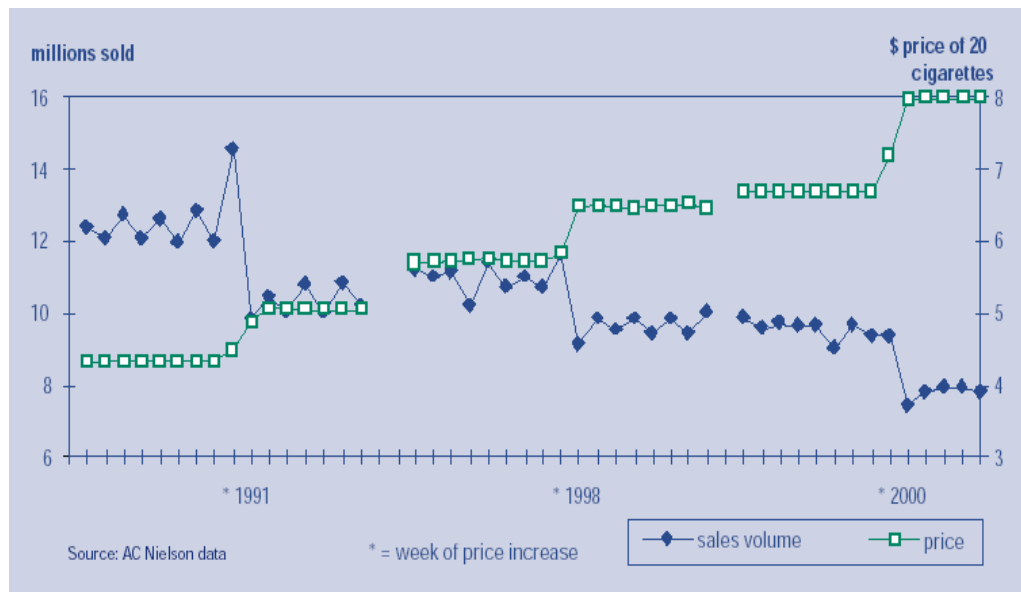
“On average, a price rise of 10 percent would be expected to reduce demand for tobacco products by about four percent in a country like New Zealand.

“A tobacco tax increase is the right thing to do – and the Government knows it.”

For further information:

Mark Peck, Director Smokefree Coalition, 04 472 0157, 0274 461 650

Manufactured cigarette sales before and after the Budgets of 1991, 1998 and 2000 (using data from supermarket checkouts). From *Tobacco Tax – The New Zealand Experience*.



The above graph clearly shows the large drop in the sales of cigarettes after tobacco tax increases in New Zealand in 1991, 1998 and 2000.